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SPEECH

OF THE

HON. ADAM CROOKS,

TREASURER OF THE PROVINCE OF ONTARIO,

DELIVERED ON THE 20TH FEBRUARY, 1874,

IN THE

LEGISLATIVE ASSEMBLY OF ONTARIO,

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY.

REPORTED BY H. KINLOCH.

Toronto:

PRINTED BY HUNTER, ROSE & CO., 86 AND 88 KING ST. WEST.

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EPITOME.

In opening his financial statement, Mr. Crooks first referred to the estimates of 1873 as compared with the actual expenditure for that year, and which were as follow :—

Estimated expenditure.....	\$2,944,061
Actual expenditure.....	2,460,212

Excess of estimates over expenditure..... \$483,849

The total sum unexpended was \$533,380, but some items had, as anticipated, exceeded the estimates in the aggregate by \$49,531, reducing the net amount unexpended to the sum above mentioned. The chief cause of this apparent saving is to be found under the head of Public Works, Public Buildings, the Maintenance of Public Institutions, Crown Lands, and Miscellaneous, the amount unexpended under these heads amounting to \$416,061.

The estimated revenue as compared with actual receipts was as follows :—

Estimated.....	\$3,090,391
Actual.....	3,314,506

Excess over estimate..... \$224,115

The excess was caused, in part, by the measure of the Dominion Government for readjusting the public debt by assuming the surplus amounts on which Ontario and Qubec paid interest, the sum of \$155,833 having accrued from this source in July last, when the half-yearly payments of subsidies to the Provinces were made. In 1874 the full benefit of the remission will, of course, be felt. From the interest on investments, the revenue was expected to be \$200,000 ; it had amounted to \$258,040, or a gain of \$58,040. From licenses had been received in excess of the estimated income \$12,152 ; from Law Stamps \$55,000 ; from Casual Revenue, \$55,000 ; from the Education Department, \$1,481 ; from Public Institutions, \$7,163 ; from the Mimico Farm, \$3,713 ; and from the

interest accruing on the Municipal Loan Fund, \$28,951. On the other hand, the Crown Lands Revenue, chiefly under the heads of Woods and Forests, fell short of the estimate by a sum of \$156,362. The estimated income from this source was \$800,000, but the actual receipts were \$643,638. The amount of accruals remaining to be collected in the Crown Lands Department at the end of 1873, was \$372,000.

The receipts and expenditure for 1873 were as follows :—

Receipts.....	\$3,314,506
Expenditure.....	2,460,212

Surplus	\$854,294
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The financial position of the Province at the end of 1873, was as follows :—

Invested Funds.....	\$2,747,805
Deposits	1,646,729
Drainage Debentures.....	53,949
Cash in Bank.....	277,948

Total.....	\$4,726,431
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To this has to be added the reduced Municipal Loan Fund indebtedness, amounting to \$1,830,122, less the sum of \$556,292, to be written off from the obligations of Lanark, Renfrew, and other municipalities, in accordance with the plan for settling the Canada Central claim, leaving an asset of \$1,273,840, or deducting 15 per cent., \$1,082,764, making a total surplus of \$5,809,195. But we are entitled to add to this the improved market value of the Dominion securities in the hands of the Treasurer, amounting to \$250,000, making the surplus \$6,059,195. Against this have to be placed the following liabilities :—Standing to account of the Railway Aid Fund, \$1,100,572 ; the Railway Subsidy Fund for 1872 and 1873 amounted to \$200,000 ; the sums due under the Municipal Loan Fund Adjustment Act of last session, \$3,115,736 ; making a total of liabilities of \$4,416,308, leaving at the end of 1874, irrespective of any balance from the revenue of the current year, and after providing for every existing liability, a surplus of \$1,642,887.

We have, however, in addition to this, a valuable asset in the shape of the Grammar School, Common School, and Upper Canada Building Funds in the hands of the Dominion Government, amounting in value to \$2,699,407, and on which we receive interest annually amounting to

\$136,696. We have, too, as a further asset, the rent charges accruing from the sums advanced to municipalities for drainage purposes, no less a sum having been so expended under Mr. Carling's Act than \$200,000, the works represented by which are now nearly completed.

Against these assets the Province will have to provide a further sum, as required by statute, for investment for drainage purposes, of \$350,000, and the eighteen annual appropriations of \$100,000 per annum under the Railway Subsidy Act. If to this be added some possible and indefinite liability in regard to the Common School Land Funds, the precise amount of which has to be divided with Lower Canada, we have every conceivable liability that can be charged at the present time, or prospectively, against the Province.

The revenue for 1874 the Treasurer estimates as follows :—

Cash in Bank	\$277,948
Interest on Deposits and Investments.. ..	150,000
Crown Lands	684,288
Casual Revenue.....	22,000
Licenses.....	80,000
Algoma Taxes.....	5,000
Law Stamps.....	40,000
Education Department.....	50,000
Public Institutions	30,000
Federal Subsidy and Allowances.....	1,333,569

\$2,672,805

Whilst, however, Mr. Crooks, in order not to overstate his case, had put his estimate of the revenue from several sources below the amounts they might reasonably be expected to realize, he expressed his opinion that the actual revenue would not fall far short of \$3,000,000. After, therefore, distributing amongst the municipalities the large sum of \$3,115,000, providing for all the claims created on behalf of railway enterprise, wiping off the whole burden of Municipal Loan Fund indebtedness, erecting public buildings, or providing for their erection, to the amount of nearly \$3,000,000, the Province will probably enter upon 1875 with the handsome surplus in hand of not less than two millions of dollars.

FINANCIAL STATEMENT
OF THE
HON. ADAM CROOKS.

LEGISLATIVE ASSEMBLY,
TORONTO, *Friday, 20th February, 1874.*

Hon. Mr. CROOKS said :—

Mr. Speaker, in making the usual motion that you do now leave the Chair, in order that this House may resolve itself into a Committee to consider the supply to be granted to Her Majesty for the public service of the Province for the year 1874, it becomes my duty to lay before the House such information touching the financial position of the Province as will enable Honourable Members to know that position accurately. I will endeavour, Mr. Speaker, to be as concise and succinct as possible ; but at the same time I am afraid that, inasmuch as my observations will chiefly be devoted to figures, I may to some extent weary the attention of Honourable Members. At the same time it is no doubt the most important question which Honourable Members each session have to consider, to review what has been done during the past year in connection with the financial operations of the Province, and also to consider what is to be the financial operations of the Province in the coming year, and to learn definitely the true financial position which the Province occupies. In order that Honourable Members may arrive at some correct understanding of the different questions, I propose to take up the principal heads under which the subject is to be considered, in their natural order. I therefore first propose to consider the difference between the estimates for the expenditure of the year just closed, which expired on the 31st December, 1873, and the actual result.

I had the honour, during the Session of 1873, of introducing for the concurrence of this House, the estimates of probable expenditure for the year 1873, and I wish first that Hon. Members may know how far the appropriations made on that occasion have or have not been dealt with ; practically, in other words, to compare the actual expenditure for the year 1873 with the estimated expenditure which the House during its last session assented to. That is a comparison which can be very easily made, and it is only necessary that I should refer Hon. Members to the statement No. 33 of the Public Accounts which have been in the possession of Hon. Members for some ten days past. At page 154 of the Public Accounts for 1873, appears the comparison. The gross total of the appropriations for 1873 amounted to \$2,944,061, while the expenditure amounted to \$2,460,212. This statement further shows the amount voted last year in respect of each service and each department of the Provincial service, and also in what respect and to what extent the appropriations so made have been expended ; and in regard to certain services where there has been an over expenditure, the statement also shows to what particular service any over-expenditure is attributable. There are four columns in the statement, showing the appropriation, the expenditure, the unexpended portions of the appropriation, and the over expenditure. I may say with reference to the amount over expended that that was, in fact, sanctioned in advance, because, in truth, the House, in 1873, made an appropriation to cover that over-expenditure to the extent of \$50,000 ; so that the items which appear in the over-expenditure column, amounting to \$49,531, are within the limit of the \$50,000 which was authorised in advance to be expended for unforeseen or unprovided items. The difference between the appropriation and actual expenditure is \$533,380 ; or, in other words, the funds taken last year, which remained unexpended were \$533,380. Well, that expenditure is attributed chiefly to Public Works and Buildings, and I find, upon reference to the Imperial estimates, that the late Chancellor of the Exchequer, Mr. Lowe, made some observations upon that head which are quite applicable to our circumstances. He mentioned that in estimating for that class of expenditure, it was quite different from assuming to ask for an appropriation for ordinary expenditure. It is desirable that when an appropriation is asked for from the House, that the amount of the appropriation should be ascertained with as much certainty as is possible, in order that no

more money than the public service demands, may be asked for at the hands of the House ; but in regard to public buildings, a variety of obstacles may occur ; unforeseen circumstances may take place which may retard the contemplated works from being gone on with, or being pushed forward to completion as rapidly as might have been anticipated when the appropriation was asked for—so that it is chiefly in connection with appropriations of that character that the estimates of last year failed to be exhausted by this large amount—upwards of half a million of dollars. If hon. gentlemen will refer to the statement No. 33 of the Public Accounts of last year, they will find that in respect to public buildings, the amount unexpended was \$224,568, while the only excess in regard to public buildings is limited by the amount of \$8,066. In Public Works, the amount unexpended was \$54,464. In Public Institutions, \$50,855. In Crown Lands, \$65,989, and of a miscellaneous character \$20,183, making a total of unexpended amounts thus accounted for under these different kinds of services, \$416,000 ; or, in other words, under these five heads we have an explanation of how the appropriation for 1873 remained unexpended by that amount. Then, I may say, in connection with the expenditure of last year, that the Public Accounts placed in the hands of members exhibit in detail every item, so that every member can, almost in an instant, if he desires to see any item, place his hand upon it, and then call for all the vouchers or authorities on which the payment has been made. The public accounts and the estimates of last year, together constitute a source of information open to every member, from which he can gain the fullest possible light concerning every particular item of the expenditure of last year ; and I do not suppose that the members of any other Parliament possess equal facilities with members of our Legislature for thoroughly investigating and understanding every item of the expenditure, and every particular connected with it, and the authorities which warranted its payment. I may say further, that, with very few exceptions, every account or item has been paid by the cheque of the Treasury Department ; and that it is only in rare instances, and in connection with services, where, if funds were not placed in the hands of some of the Departments in advance, an injury or detriment to the public service would arise from the delay, that cheques for specific payments are not so drawn. That amount is small in comparison with the expenditure from the Treasury Department ; and in regard, there-

fore, to the large proportion of the amount disbursed last year by the Treasury Department, every item is vouched for by a separate cheque of that Department, most of which were signed by myself.

To pass on to the next subject on which Hon. Members require information, I propose now to compare the estimated revenue for 1873 with the actual receipts. We have had the comparison of the estimated expenditure with the actual expenditure. I propose to compare the estimated receipts which I placed before the House last session, with the actual receipts for the year ending on the 31st December, 1873. Now, if the tables appended to my financial statement of last year are referred to, it will be found that the estimated receipts for the year were calculated at \$3,090,391 ; but that included an item of cash in hand amounting to \$352,991, so that the actual receipts estimated for last year amounted to \$2,737,400. If Hon. Members will turn to the first statement in the Public Accounts, they will find the actual amount received from the different sources in respect of which I assumed to make an estimate last year. Including this item of cash on hand, we have the actual receipts, amounting to \$3,314,506, as compared with the estimate of \$3,090,391, or an amount in excess of the estimated revenue of last year of \$224,105. (Hear, hear.) It is necessary that this excess should be accompanied with some explanations in order that Hon. Members may understand how it was that my estimate of last year was exceeded by so large an amount. This is easily explained, and I shall be able to show in what particulars my estimated revenue of last year either fell short of, or exceeded, my expectations.

There is an item to be considered in connection with the actual receipts of last year, which of course, when the estimates were under discussion last year, none of us anticipated that we would receive. During the year 1873, we received, from an unexpected arrangement, a sum of \$155,833 ; and that receipt arose from the policy of the Dominion Government carried out by an Act of the year 1873, under which it altered the arrangements which were provided for by the 112th and 118th sections of the British North America Act of 1867. Under these sections of the British North America Act, Quebec and Ontario were bound to pay five per cent. interest, as a sort of perpetual charge upon the excess of debt of the late Province of Canada, over sixty-two and a half millions ; and last year the amount of subsidy coming

to us was reduced *pro tanto*. The Dominion Act of last session did not come into force till the 1st July, 1873, so that we received on or about the 1st January, 1873, the amount of the last half of the year 1872, diminished by the interest upon the excess of debt for 1872; and on the 1st July we received the full amount of our half year's subsidy, from the 1st January to the 1st July, 1873, not diminished by that reduction. So that from Dominion sources the amount received last year, was \$155,833, larger than I had reason to anticipate. But in January, 1874, we had to receive half a year's interest, payable to the last half of 1873; in other words, we have received now the whole of our subsidy for 1873 quite undiminished by any interest charged against us with reference to the excess of the Provincial debt over sixty-two and a half millions. There are further points to be brought to the attention of Hon. Members in connection with the actual receipts, derived from their different sources during the year. The first item in which there is much increase is in respect of interest on investments. Last year I took as the probable receipt \$200,000, while the receipts in the Public Accounts, on page 17, Statement 5, are \$258,040. In connection with the Crown Lands Department there has been an increase in some items and decrease in others, but the total difference is a deficit of \$152,028, the chief falling off being in the item of Woods and Forests, the estimate for which was \$800,000; while the receipts from that source amounted to only \$643,637—a difference of \$156,362.

Mr. RYKERT—Does that include the notes?

Hon. Mr. CROOKS—That includes everything that came into the Treasury in 1873. I will be able to give my Hon. friend the details of all these statements immediately. The total amount of the deficiency is as I mention. From casual revenue we received \$77,355, as per Statement, No. 7. The amount of \$25,000 does not properly belong to this, being an amount received from the Dominion Government in aid of the immigration of 1872. I can only properly claim credit for an excess of \$7,000, in addition to the amount for which I estimated last year. The License Account, detailed at page 18 of the Public Accounts, Statement 6, Hon. Members will find, shows an increase on the estimated receipts, of \$12,152. On Taxes from the Algoma District, Statement 18, there is a deficit of \$2,000, arising from non-collection. Coming next to Law Stamps, Statement No. 9, we find an excess over

the estimated receipts of \$55,249. The reason for this was, that it was assumed last year that a change would be made which would have the effect of removing stamps, especially in the Division Courts, from the fees payable to the Crown upon proceedings in these Courts, Still that is higher than the amount in the previous year, by something like \$18,000. From the Education Department I received \$1,480 more than I estimated; and so in regard to Public Institutions, the amount received in excess from which is \$7,163. I also received from sales of some lots from Mimico Farm \$3,713, and interest on the Municipal Loan Fund \$29,951. Neither of these items were relied upon as sources of revenue for last year, but an amount which I took for interest payable by the Dominion Government on special trust funds in their hands, was not paid to the extent of the amount I had taken, which was \$149,694. So far the amount paid falls short by about \$13,000, so that I find a deficiency here, which, added to the deficiency in Crown Lands, makes nearly \$181,000 deficiency. But the excess is altogether \$346,075, so that in regard to every item from which revenue was expected last year, with the exception of one branch, the Crown Lands Department, there has been a large increase, which has resulted in the amount actually received, including the cash on hand, being \$224,105 in excess of the estimate of last year. An Hon. Member desired to understand the actual receipts from Woods and Forests. I have a statement here to which I will refer. The amount collected in 1873 in respect of timber dues, ground rents and the ordinary bonuses was \$354,000. Of that amount, \$232,000 properly belongs to 1873, and \$122,000 represents the collections in 1873 of the accruals in 1872, and in addition to that amount, \$289,000 was received in respect of collections on the Lake Huron sales. I will mention in connection with this, that the total amount outstanding in respect of the operations of 1873 and of 1872, still to be collected is \$372,000, and I can furnish at some subsequent period a full account in detail, showing where the \$372,000 is, and also the particulars in connection with it, and the reasons why that amount is outstanding on the 31st December, 1873; but I merely refer to this statement now, for the purpose of offering to Hon. Members an explanation of how the item of cash from the Crown Lands Department is made up; and it is made up by the two items I have referred to.

Hon. Mr. CAMERON—It would be convenient for us to know the reason why it was not collected.

Hon. Mr. CROOKS—If the Hon. gentlemen will excuse me I would like to have some continuity in my observations, and would like therefore to go on with what I am speaking about. I will be happy afterwards to reply to any questions which the Hon. gentleman or any other Hon. Member may ask me, so that they may be placed in possession of any information which they desire. At present having regard to the subject which I am now discussing, namely, the receipts of 1873, as compared with the estimated receipts of that year, I gave Hon. Members that explanation in regard to the total amount \$643,000 in the Woods and Forests branch of the Crown Lands Department. No doubt these observations are sufficient for understanding the last point touched upon.

To come to my third subject, I propose to institute a comparison between the actual receipts and the actual expenditure of 1873; and Hon. Members can verify my figures by referring to statement No. 1, of the Public Accounts. From these accounts it will appear that the actual receipts for the year were \$3,314,506, while the actual expenditure of the year amounted to \$2,460,212, making a difference, or surplus for the year, of \$854,294.

And now as to what has been done with that amount. That amount has been applied to discharge our obligation to the Railway Fund to the extent of \$426,642; but that Railway Fund has nothing to do with the normal expenditure of the year, in respect of which the votes of this House are required. It is simply a payment from a separate fund, in accordance with the Act of Parliament, and that fund has been decreased by payments to railways, amounting to \$426,642. We have invested in Drainage debentures, bearing 5 per cent. interest, \$53,949, and we have cash on hand, \$277,948, so that we had, strictly speaking, as a surplus from the receipts of 1873 above the expenditure of that year the amount which I have mentioned, and which amount has been disposed of in the way which I have explained. Hon. Members will find all this in Statement No. 1 of the Public Accounts, page 12; also, Statement No. 30, page 150, as to the Railway Fund, and Statement No. 11, page 25, as to payments made for Drainage debentures. In connection with this point of the actual receipts and expenditures, I will call attention to a comparative statement for the years 1868 to 1873 inclusive, which shows the amount appropriated, the amount expended, the amount actually received, and the surplus revenue for each

of these years. That statement shows that the surplus each year was as follows:—In 1868, \$1,076,323 ; in 1869, \$1,180,510 ; in 1870, \$920,032 ; in 1871, \$516,312 ; in 1872, \$1,212,791 ; and in 1873, \$501,303. That \$501,303 does not include the cash on hand. I have taken the actual revenue received during the year, without reference at all to the cash on hand, which properly represents the receipts of the preceding year. In connection with that comparative statement, I also give particulars showing how much the expenditure in each of these years has been invested in permanent improvements, or, in other words, expended on Capital account. The whole amount for these six years is \$2,040,113, while we have last year expended on Capital account \$555,389, as contrasted with less than half that amount expended in the year 1872. The amount expended on Capital account in 1871 was \$430,620 ; in 1872, \$266,764 ; and 1873, 554,389. When my predecessor, the Hon. Mr. Mackenzie, made his financial statement, in 1872, he had a tabular statement prepared, from which it would appear that the amount up to that time expended, including the amounts of the appropriations for the year 1872 on Capital account, was \$1,569,221 ; and that sum, the details of which will be found in Mr. Mackenzie's financial statement of the 21st February, 1872, with the amount expended in 1873, amounts to the gross total of nearly two millions of dollars.

Under my fourth head I call the attention of Hon. Members to the financial position of the Province on the 1st of January, 1874. We have these assets or resources : Invested Funds, being Dominion Securities, or securities of the former Province of Canada, \$2,747,805 ; deposits at interest in different banking institutions—a statement respecting which appears on pages 25 and 26—\$1,646,729 ; invested in drainage debentures, as per statement on page 25, \$53,949 ; cash in the bank, \$277,948, making in all \$4,726,431 ; in addition to which there are the Municipal Loan Fund debts, the gross amount of which was \$1,830,132, but from which total we must deduct the amount allowed to the four municipalities in connection with the arrangement which was come to between them, the Province and the Canada Central Railway, under the resolution of the House last session, by which \$556,292, comprising the debts of Renfrew, Lanark, Elizabethtown, and the Town of Brockville, were settled, thus leaving the nominal amount of indebtedness at \$1,273,840 ; or, in other words, our resources are equivalent in cash

to \$5,809,196. But we are entitled to the benefit of the premium of the amount of Dominion securities, and, at a low estimate, that would be a quarter of million of dollars, so that the gross total would probably be over six millions of dollars. (Hear, hear.) Against that amount there are certain payments chargeable, either directly or in respect of certain funds which have been established. The first fund is the Railway Aid Fund, the balance unpaid of which, now amounts to \$1,100,572. A statement will be found in the public accounts at page 146, but in addition to that the subsidies of 1872-73—now due—\$200,000 should be added, making it \$1,300,572, which represents the fund which is to be drawn from by railways. Then there are the payments to be made to municipalities under the distribution scheme, having regard to the amounts which appear in the revised schedules, just laid before the House, amounting to \$3,115,736. So that we have, as against our own funded resources, \$6,000,000 odd, charges amounting to \$4,416,308, leaving a surplus or difference of \$1,632,887. We have, however, in addition to that—and I bring these sums together in order that the charges may be understood—Provincial assets belonging to this Province, amounting to \$2,699,407. I gave Hon. Members the details of these assets in my financial statement of last year; but I will repeat them again in case they should have escaped the attention of Hon. Members. These amounts are just as good in every respect, as if they were Dominion securities, because they must be made good to this Province, by the Government of the Dominion. I may mention that there is no dispute upon that point at all. The Dominion Government admits that it holds these funds for us, and pays us interest at five per cent. on them, though I think it ought to pay us six per cent. on one of them—the Building fund. They recognize our right to these funds, the only question being how much of the Common School Fund belongs to the Province of Quebec, and how much to Ontario. At present the division is only a provisional one, based upon the proportion of the population in 1871, under which we get five-ninths at five per cent, and Quebec four-ninths. I have, therefore, taken five-ninths of that fund as an asset of this Province. Upper Canada Grammar School Fund amounts to \$312,769, Upper Canada Building Fund to \$1,472,391, and the five-ninths of the Common School Fund to \$914,246, making, as I have said, a gross amount of principal which the Dominion Government hold on our behalf and pay us interest on, of \$2,699,407. That is an amount which

we are in a position to demand from the Dominion Government at any time we think convenient, though it is the desire of the Dominion Government, and the Governments of Quebec and Ontario before disturbing those funds, to settle all questions which remain, because there are points to be settled between the Dominion Government and this Province, as well as certain questions to be settled with the Province of Quebec, and this settlement, to be at all convenient, must be a triangular one, involving the consideration on the part of the three Governments, of certain items, before the actual money balance can be arrived at. I may say, in connection with that also, that during the recess, some progress has been made in endeavouring to arrive at a settlement with the Province of Quebec, and the Government of that Province now feel assured that they will receive fair and liberal treatment from this Province ; but at present, owing to various causes, although different heads have been discussed which tend towards a settlement, no definite conclusion has been arrived at. I may say, that an entire *entente cordiale* now exists between the Governments of the two Provinces. Any suspicion which may have been heretofore entertained in Quebec as to the Government of this Province desiring to take any advantage or acting otherwise than fairly and liberally, have vanished, and the questions now at issue between us are very few indeed, and can be easily determined when the opportunity arrives for the two Governments to meet, and also for meeting with the Government of the Dominion. The result of the arrangement of 1873 has been to remove subjects of difference between the two Provinces which in connection with the arbitration, appear to have caused some feeling in the Province of Quebec as to the proportion in which the two Provinces should bear the excess of the debt of the late Province of Canada. That excess having now been assumed by the Dominion Government, nothing remains under discussion but the settlement of certain assets which became the joint property of the two Provinces under the British North America Act. The award on some of these points is clear, and the result can hardly be questioned, but on some of the joint assets there are points yet to be settled. At the same time, there does not appear to be any reason which would lead one to anticipate that the settlement may not be speedily arrived at. In addition to these special funds, I refer you to another asset, and that is the value of the debentures taken under Mr. Carling's Act in relation to drainage ; \$200,000 were set apart by Mr. Carling's Act to aid drainage

in different parts of the country, these operations being undertaken by the Government at the request of the different municipalities ; and upon these drainage works being completed, the municipalities became liable to pay annual sums by way of rent-charge to redeem the amount. The probability is, that this year all the by-laws which these municipalities are required to pass will be in the possession of the Treasury Department, and will represent the full value of the money expended. It will be seen that something is taken this year in respect of similar expenditure under the Act of my hon. friend, the Commissioner of Public Works, appropriating another \$200,000. As against our assets, we had undertaken further liabilities ; and although they are not presently payable we must charge them in the future, and they are to be met either out of any capital resources we may have, or out of income in future years. The liability to the Railway Subsidy Fund covers eighteen annual payments of \$100,000 each, the last \$100,000 taking place in 1892. We have also \$350,000 to meet in the future for drainage operations ; but this amount may be paid from time to time, out of current income, and it is in fact an investment. We have, further, some moneys to pay to Quebec in regard to its share of the School Fund, and for any purchase we may agree upon for the Lower Canada share of what lands remain on hand. I have now spoken of the direct charges which are presently payable, and also of the liabilities ; and have given the assets from which we can meet these charges, so that the financial position of the Province can be readily ascertained.

I have now to introduce the estimates for the year. The amount, under different heads, will appear in the usual form in which the estimates of this Province have been brought before the House. The estimates this year do not present any particular points of novelty, having regard to the different services in respect of which provision was made in the estimates of 1873. The estimates for the year 1874 follow in the main, the estimates of 1873 ; but I have endeavoured to arrange the heads of service in an order which seems to be more accurate ; in other words, I have assumed to place first the amounts under one column which are required for current expenditure, having regard to the different heads of the public service, such as Civil Government, Legislation, Administration of Justice, Education, and so on, for which provision has to be made each year, and which expenditure does not leave a tangible or visible representation behind. I

have discriminated the expenditure on Current account and on Capital account, the expenditure on Capital account leaving a visible, permanent improvement, and being to that extent a real addition to the property of the country. Public buildings, and public works I have, therefore, put last, and Colonization Roads also, so that we have first, expenditures for services on Current account, and next, those on Capital account, and then I introduce three items which are not necessarily items of expenditure on Current or Capital account, because, in managing the large public domain, there are various charges upon that domain which arise out of the very nature of the property itself, such as surveying, laying out lots, defining boundaries, and so on, all of which are necessary, in order to make that domain at all marketable. That expenditure may be considered as *pro tanto* adding to the value of the property, as, until this is done, it is comparatively valueless. At all events, it is an expenditure which is necessary to make an estate marketable property. So with regard to the Refund Account, which I have placed under the heading "Charges on Crown Lands." The title before used was "Crown Lands Expenditure," which gave a wrong impression. Charges on Crown Lands would be understood as that expenditure which comes properly within the head of Civil Government. The Refund Account is for the purpose of keeping an account of certain moneys which, in truth, we are not entitled to, but which come in our hands, and must be paid out. Whether that is more or less makes very little difference in truth, because it simply refers to money received on one hand which we are not entitled to, and paid out on the other, and I have brought all items of that class under this head—Crown Lands, Immigration, Education, and so on.

Mr. CAMERON—Do you pay interest on these refunds?

Hon. Mr. CROOKS—No, it has not been the custom of the Government to pay interest to any person on money in its hands. That is a cardinal principle which all Governments adopt.

Mr. CAMERON—Then you make a little by the transaction.

Hon. Mr. CROOKS—I suppose so. I have also placed in a separate column the amount over expended for 1873, \$42,225. I do that because it is usual to submit the items in detail to the House, and have the amount voted over again. This is the first time the House has had an opportunity of voting upon the items which constitute that expenditure. So that the gross result of the estimates now submitted to the House

will show that the requirements for this year for which funds will be asked in Committee of Supply, amount, as the current expenditure of 1874, to \$1,791,513, On capital account, including \$100,000 for Colonization roads, we ask for \$613,740, and then for refunds and miscellaneous payments for 1873, \$232,242, making the gross total of the estimates \$2,637,495 ; but the true expenditure estimated for 1874 on behalf of current and capital accounts, amounts to \$2,405,253. Then if you refer to the differences of the appropriations for each particular service in 1874 as compared with 1873, I may point out to Hon. Members that it is only in respect to two items that there is any excess, and that with regard to all the other heads of the public service there is a difference the other way,—there is a diminution. We have only in the Education Department and in Public Works an amount in excess, excepting, I should mention, in the Maintenance of Public Institutions. These are three items in which an excess appears in the estimates of 1874 as compared with those of 1873. In other respects there is a very large decrease. The increase in Education, \$22,963, arises chiefly from an additional grant to Public and Separate Schools of \$20,000. Last year the Chief Superintendent while the estimates were being prepared, desired that \$50,000 should be the amount of the increase for this particular purpose for the year 1873 over the grant of 1872. The amount taken for 1872 was \$200,000. The Chief Superintendent recommended an addition of \$50,000 so as to make the amount \$250,000. Last year I increased it by \$20,000. This year I propose increasing it by a similar amount, so that the total amount of the vote will be \$240,000. Last year I ventured to mention that this increase, as it appeared to me, should be on some principle ; and that principle was, that public contribution should at least be one-tenth the contribution from the municipal ratepayers. During 1873, an amount exceeding of \$2,400,000 was raised by direct local taxation from the ratepayers. In Maintenance of Public Institutions we have an increase of \$52,913, but that arises chiefly from a new institution being estimated for this year, namely, the Central Prison, involving upwards of \$41,000. A considerable portion of the difference is also made up of the amount required to meet the increase of patients in the London Lunatic Asylum. There is an apparent increase in regard to another service, Public Works, amounting to upwards of \$41,504 ; but if the details of that amount are referred to, page 55 of the estimates,

it will appear that that increase is only a nominal one, because it involves a re-vote for incompletd services of last year, amounting to \$35,000. In other words, there is about \$5,000 only of a difference in the amount taken for Public Works this year compared with the amount taken last year. In other respects there is a decrease—in Civil Government, \$1,822 ; in Legislation, \$5,500 ; Administration of Justice, \$27,530 ; Emigration, \$20,520. That item is only nominal, because \$18,160, was charged against the vote for emigration last year. This year I have taken that amount as a refund to the Dominion Government, so that substantially Hon. Members may consider the amount to be voted for immigration this year as the same as last year. The difference will be about \$2,000 less. Hospitals, the same ; Miscellaneous, \$10,500 decrease ; Unprovided, the same ; Public Buildings, \$340,909 decrease ; Colonization Roads, \$46,300 decrease ; charges on Crown Lands, \$54,633. I think I have pointed out the material points in which the estimates of this year differ from the estimates of last year.

I next proceed to submit to the House my estimate of the probable revenues for the year 1874. Now, although not revenue properly so-called, yet, on the other hand, as I have taken the probable expenditures, that is to say, the amount required to be voted in the shape of appropriations, I have a right to refer to the means which are available in order to meet during the year 1874, the expenditures which are to taken place in 1874. The amount of cash on hand is \$277,948, and I have in addition to rely upon interest. After making every allowance for losing a large portion of our invested funds, which may be required this year to be converted in order to pay the amounts coming to the several Municipalities which make a total of some \$3,000,000, and for retaining a sufficient fund on hand to meet the demand on the Railway Aid Fund and the Railway Subsidy Fund, which will render it necessary to convert some of our securities, still in estimating the amount for interest during the year 1874, I have taken all that into account, and I claim that we shall receive \$150,000 for interest this year, making thus from cash sources \$427,948. Then I come to the Crown Lands Department, and have been furnished with these items of estimated revenue. Crown and Grammar School Lands, \$196,000. Woods and Forests, the diminished amount of \$444,288. That was \$800,000 last year. Clergy Lands, \$80,000, Common School Lands, \$10,000, which are in truth not sources of revenue. The Clergy Lands when converted go to the

Municipalities, and the Common Schools Lands we hold in common with Lower Canada. From this Department, I estimate that we shall receive \$784,288.

Mr. RYKERT—How much for Mining Lands ?

Hon. Mr. CROOKS—I have not been furnished with any estimate this year as to Mining Lands. It depends very much on circumstances which arise during the spring whether Mining Lands are productive or not. The third item is Casual Revenue. Last year we received over \$20,000 from this source. This year I am content to place the figure at the same amount. For tavern licenses I take \$80,000 as the receipts, although \$90,000 was received last year, and I think the amount this year will equal fully \$100,000 without increasing the charge for licenses, if anything like a proper observance of the law is had. For Law Stamps the amount received last year was upwards of \$95,249. As legislation is in progress, which will have the effect of throwing off, or diminishing, the fees payable in some of the courts, I take less than one-half the amount then received, and place the figure at \$40,000. The amount, I am sure, will be larger—probably nearer \$60,000. With regard to Education, I have taken \$50,000. This amount was received last year, and although so large an amount may not be taken this year, it is impossible to tell what the reduction may be. I prefer, therefore, to take the amount as it was last year. Public Institutions I take under the amount received last year, and place at \$30,000. Then we come to the amounts to be received from the Dominion Government. Of course our public allowance, undiminished by any contra account or interest, will now be due, so I am likely to receive this year, according to the population allowance of 1861, \$1,116,872; and in addition to that we have the allowance for government of \$80,000. Then we have interest on local Trust Funds, \$89,258, and I have next five-ninths of the interest on the Common School Fund, \$47,438, amounting in all to \$1,333,569; and that is a reliable estimate, because my figures are taken from a statement furnished by the Auditor-General of the Dominion, and upon which he has already paid to this Province one-half that amount. He paid the interest in January last, \$666,784, and that payment was based upon the figures which I have taken as the basis of the estimated revenue from that source. I am quite sure that the amounts actually received for 1874 will be nearer three millions than the figure which I have named, but I desire to remain on the safe side, and therefore put the

figures as low as will, I think, make us safe. The probable amount for 1874, I therefore put at \$2,772,805, which is less than my estimate for the year 1873, by \$317,585, and Hon. Members will see that the principal difference arises under the item connected with the Woods and Forests branch of the Crown Lands Department. That estimate is a low estimate, so that no possible disappointment can arise. The state of the trade last year has been such that a low estimate can be justified in reference to this branch of the Department for the year 1874, and it is based upon an assumed continuance of the state of things rather than upon a revival in the trade from which this large return arises. The result therefore will be, that, taking the estimated receipts and expenditures of this year, there will be a surplus of about \$100,000, though the actual surplus, I am sure, will be found to be much larger.

To summarize briefly the financial position of the Province as we find it, or rather as it will be found on the first of January, 1875, assuming that all the current demands for the year 1874, and all the charges which are payable this year, have been fully met, we must stand at the close of the year with a cash invested surplus of \$1,632,887, but to that is to be added the amount in the hands of the Dominion, of \$2,699,407.

Mr. RYKERT—At interest?

Hon. Mr. CROOKS—At five per cent. interest, as I have said.

Mr. LAUDER—That was never taken into account as capital before.

Hon. Mr. CROOKS—They say they hold it for us. The Hon. Member will find that I distinctly referred to it last year, as also to some further items which I called odds and ends, including upwards of \$100,000 for our share of the Parliamentary Library. It has been conceded that we have a right to a portion of the cost of that Library, and our share of it will be over \$100,000. I am only referring to amounts bearing interest at five per cent. The particulars are fully given in my financial statement of last year, in which I say that as against the charge for interest which we were then under in regard to the Dominion Government, "we have these special funds, of the value "of which there can be no question, to fall back upon. We have "the Upper Canada Grammar School Fund, which yields us annually "five per cent. interest, the Upper Canada Building Fund, which "gave us interest at six per cent., and we have also one five-ninth "share of the Common School Fund." I go on to speak of other

assets—the Municipalities Fund, the Upper Canada Improvement Fund, and our share of the value of the Parliamentary Library. But then the difficulty that every treasurer had before, in dealing with these amounts, arose from the fact that we were obliged to pay an almost equal amount for interest on the excess of debt which last year we were relieved from; so that as against a perpetual charge in the shape of interest to the Dominion Government under the British North America Act, these assets in the hands of the Dominion Government gave an equivalent amount of interest to meet that charge. The one claim about balanced the other, but the legislation of 1873 has relieved us from the burden of this annual charge on the excess of debt, and these funds are now perfectly free—just as free from all incumbrances, and as much under our control as if we held the amounts in Dominion debentures. The figures that I have given in connection with the Dominion, are figures which I quote from a statement in the writing of Mr. Langton, the Auditor-General. In addition to that, we have expended two millions in the shape of permanent improvements, public buildings or works, and these are irrespective of any expenditure on colonization roads. This expenditure will do away with the necessity of very much further expenditure on capital account. We have paid over to railways, —the benefits of which we are now enjoying,—\$800,000, and I have, following up the plan of last year, obtained from Mr. Molesworth a statement of the length of lines constructed, and the amounts expended. The statements which I presented last session gave this information from 1867 to 1873, and showed that a very great impetus had been given to railway progress since Confederation, involving the construction of nearly 1,500 miles, the correct figures being $1,484\frac{1}{4}$ miles, at a cost of nearly \$19,000,000. That statement must be supplemented by a reference to the statement of railway operations during the year now closed, which shows that $554\frac{3}{4}$ miles of railways were actually opened during the year 1873; that nearly five and a half millions were expended for the construction of railways; that the number of miles in progress, in addition to those opened last year, is 450, and that the probable sum of upwards of \$8,000,000 will be required in order to complete the works now in progress.

I think, then, that I can well congratulate Hon. Members and the country upon the financial exhibit which I have been able to make to them on this occasion. We meet the House this Session without our invested funds being in any way diminished, having been

able to avoid using any portion of our invested funds, to meet drafts upon them in respect of railway purposes and other matters, as we anticipated we should have to do, but having had quite enough of a surplus of our receipts of last year over the expenditure of the year, to enable us to meet those drafts, which, properly speaking, should have been made on our invested funds, as the Legislature, in establishing the two Railway Funds, certainly intended, expecting that the money invested would be diminished by those amounts. After providing for these payments, we meet the Legislature this year with the invested amount undiminished, after having provided for all the ordinary, as well as the extraordinary expenses of the year. That being so, and having done so much as this Province has done since it obtained a separate Government in 1867, towards increasing the efficiency of existing Public Institutions, adding largely to them and supplying wants in that respect, and after making ample provisions under every head of the public service, after having, in fact, as a Province and as a separate Government discharged, as I think it will be conceded, by other Governments it has, all its duties with efficiency and satisfaction, having regard to those great questions of administration which, if properly undertaken and properly administered, are of so much advantage to the community—I mean in regard to education and the administration of justice—after having made full provision for the satisfactory progress of education, and the proper and efficient administration of the laws of the country, in every respect, civil and criminal, the obligation of which is thrown upon us; after doing all this, and after exhibiting a correct financial position on the part of this Province, which leaves us so well prepared to meet all these demands, and which will leave us with so large a surplus to meet further demands, I claim the right of congratulating this House and the country upon the statement I have submitted. (Hear, hear.) But I shall perhaps better close, especially having regard to the source where I find this principle, and for the satisfaction of my Hon. friends opposite, by asking them to recollect that Mr. Disraeli, who now represents the great Conservative Party, laid it down in one of his speeches as a rule to be followed by all Governments that the Consolidated Fund is not to be shut up in a box, and never used for any purpose; and that it is our duty to see that it is used for purposes conducive to the general welfare. Following out that principle, the present Administration has endeavoured to so administer the financial affairs of the Province. (Cheers.)

TABULAR STATEMENT showing Mileage and approximate Cost of Construction on Railways in Ontario in 1873.

NAME OF RAILWAY.	Length in miles opened in 1873.	Estimated expenditure on works in 1873.	Length of miles in progress.	Estimated amount required to finish works.		REMARKS.
				\$	cts.	
Port Whitby and Port Perry Railway	20	85,000 00	.....	.....	.....	Expended on ballasting, bridges, earthworks, wharves, workshops, sidings, buildings, steamboat, &c.
Midland Railway, Beaverton to Mundy Bay	20½	162,149 00	34	340,000 00	00	Expended chiefly on ballasting, fencing, &c.
Toronto, Grey and Bruce Railway, Owen Sound Branch	68	290,000 00	.....	98,000 00	00	Ballasting completed, stations, fencing, &c., \$150,000 expended on rolling stock.
Do Mount Forest to Kincardine	9	150,000 00	25	654,000 00	00	In progress to Teeswater, to which point the grading is mostly done.
North Grey Railway, 20½ miles .....	.....	7,600 00	.....	12,400 00	00	Completion of ballasting, fencing, stations, &c., opened in fall of 1872.
Toronto, Simcoe and Muskoka Railway	12½	135,500 00	14	275,000 00	00	Opened to Washago in August, in progress to Gravenhurst on Lake Muskoka.
Canada Southern, Main Line.....	229	1,690,000 00	.....	1,500,000 00	00	Expenditure on ballasting, stations, workshops, rolling stock, &c.
Do St. Clair Branch .....	.....	310,000 00	62¾	150,000 00	00	Stations, ballasting, embankments, fencing, ditching, incomplete.
Canada Air Line Railway	146	650,000 00	.....	150,000 00	00	Opened for traffic in 1873, work, ballasting, stations, &c.
Hamilton and Lake Erie Railway.....	32½	280,000 00	.....	83,835 00	00	Expended on ballasting, stations, and completion of line from Caledonia to Jarvis.
Kingston and Pembroke Railway .....	.....	445,000 00	40	1,653,000 00	00	30 miles graded, 10 more partly graded, some iron on hand and some laid.
Montreal and City of Ottawa Junction .....	.....	175,869 00	69	1,353,400 00	00	13½ miles in Ontario. The estimated cost of completion includes \$4,000 a mile for rolling stock.
Wellington, Grey and Bruce Railway, Main Line	17¾	10,000 00	.....	30,000 00	00	Completion of ballasting &c., opened from Paisley to Southampton.

TABULAR STATEMENT showing Mileage and approximate Cost of Construction, &c.—*Continued.*

NAME OF RAILWAY.	Length in miles opened in 1873.	Estimated expenditure on works in 1873.	Length of miles in progress.	Estimated amount required to finish works.	REMARKS.
Wellington, Grey and Bruce Railway, Southern Branch		\$ 571,030 00	67	\$ 40,000 00	Completed ready for opening in 1873.
Cobourg, Peterboro' and Marmora Railway Extension		136,000 00	9½	10,000 00	Built from Peterboro' to Chemung Lake, but not opened for traffic yet.
Do Reconstruction		134,000 00	14	180,000 00	Rice Lake bridge, \$54,000; Rice Lake to Ashburham, \$80,000.
Grand Junction, Belleville to Lindsay		212,620 00	86½	1,297,630 00	Work on 26 miles in Hastings continuous, in places in Seymour and Peterboro'.
Credit Valley Railway		29,000 00	29	400,000 00	Grading reported done on this portion, bridges to build.
International Bridge and approaches					Completed in 1873, with Canadian railway approaches.
Total	554¾	5,473,768 00	450¾	8,227,265 00	

The estimated expenditure on all these lines are approximate, being made up from personal observations, or from information received from the companies; and the estimated cost of completion in each case must also be taken as approximate, as derived from the same sources of information. On the Credit Valley Railway the cost of completion is assumed for the 29 miles only which are located.

T. N. MOLESWORTH,

Engineer of Public Works, Ontario.

